

Editorial

Mobilizing a talent revolution in healthcare

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EDITOR'S NOTE

Edward Gordon is a world authority on the coming job crisis and the lack of skilled workers worldwide to fill needed positions requiring skilled workers. He has been ahead of his time in predicting this crisis and proposing a solution to it in the establishment of RETAINs (Regional Talent Innovation Networks) to describe the key elements of these diverse collaborations for talent/workforce development and growth in a collaboration between industry, government, educational systems, and the unemployed to solve the talent shortage he predicted worldwide. Ed is a futurist and has spoken worldwide on his ideas for solving this crisis. His papers and books, especially the most recent "Future Jobs: Solving the Employment and Skills Crisis" (see below), should be read by all the people in industry, academics, and government.

What you are reading in Ed Gordon's essays is an extremely incisive, deeply researched approach to probably one of the most critical problems facing all civilizations in the 21st century as they go through the rapid change in knowledge and technology. These changes are pressing industry to compete to be current, challenging the educational systems that are stuck in 20th century thinking and not adapting to the new rapid changing world, and offering the unemployed a solution

to adapt to the rapidly changing future, which they are unprepared to meet. He explains the coming crisis and offers constructive solutions that are actually working around the world in selected places. He has written this piece for SNI on the effects of this job crisis on the healthcare systems worldwide. This is a must read.

He has written other pieces for Surgical Neurology International in the past as part of its World Affairs section: (1) "The overlooked issue in US unemployment," *Surgical Neurology International*, Year 2014, Volume 5, Issue 1 (p. 21); (2) "The crisis in the lack of skilled workers worldwide: Its meaning for healthcare worldwide," *Surgical Neurology International*, Year 2013, Volume 4, Issue 1 (p. 138); and (3) "Medical staffing: Critical shortages on the horizon," *Surgical Neurology International*, Year 2010, Volume 1, Issue 1 (p. 7).

He is also the author of (1) "The 2010 Meltdown: Solving the Impending Jobs Crisis" Praeger Publishers, CT, 2005, and (2) "Winning the Global Talent Showdown," Berrett-Koehler Publishers, San Francisco, 2009. His most recent book is, "Future Jobs: Solving the Employment and Skills Crisis" (Aug 26, 2013), Praeger, 2013. All are available on Amazon. Everyone should read this book.

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EXPLAINING THE JOB MARKET?

In April 2014, the unemployment rate in the US fell to 6.3%. Yet, the number of people working has also fallen. Hiring usually increases during a normal economic recovery. People see more job opportunities and rejoin the labor force.

Private payrolls hit a new high in March 2014. But

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according to US Department of Labor data, an additional 7.2 million jobs need to be added to the economy just to keep pace with the US population growth.

Even Janet Yellen, the Federal Reserve Chairperson, is confused. She said, “And the labor market is behaving in some perplexing ways and showing patterns that are novel.” (April 16, 2014)

Where have all the workers gone? Extended unemployment compensation, government disability payouts, and boomers’ early retirements account for some worker dropouts. But the percentage of adults remaining in the US workforce is near a historic low. Too many people appear to be out of the job hunt. What is the explanation? How important is the so-called skills-job disconnect? Does it exist or is all this just part of the economic recovery in a normal business cycle?

Paul Krugman at the *New York Times* tells us there is no support for the claims that inadequate worker skills explain the persistence of the high unemployment rate in the US. He believes that America has plenty of skilled workers. Krugman favors utilizing monetary and fiscal policy to fix what he sees as cyclical economic problems in the American labor market. Peter Cappelli at the Wharton Business School generally shares the same viewpoint.

However, Alan B. Krueger, Judd Cramer, and David Cho of Princeton disagree. They have documented the rise of an underclass of the long-term unemployed. Will not be helped by continuing present fiscal and monetary policies.

Economist Glen Hubbard, Dean of the Columbia Business School, and Tyler Cowen also do not believe that the current unemployment picture is part of a normal business cycle. They both claim that too many younger people with “restless temperaments” or “inadequate schooling and training” are causing structural changes to the US job market. Also, Gad Levanon, Director of Macroeconomic Research at the Conference Board, projects that labor shortages will reach crisis levels over the next 15 years. He believes that high unemployment will persist due to the dearth of people with the skills employers are seeking and that the large number of baby boomer retirees will add to the magnitude of labor shortages.

The Federal Reserve Beige Book (April 16, 2014) reported that labor markets continue to tighten. Six of the its 12 districts noted problems in finding skilled workers, including Dallas, New York, Cleveland, Richmond, and Kansas City. For example, Chicago and Kansas City businesses reported rising difficulty in filling positions in engineering, information technology, machining, and other technical occupations. North Dakota rated filling vacant positions as the top adverse business problem.

Difficulty in filling healthcare positions across the state was particularly noted.

In an April 16 speech, Richard Fisher, President of the Federal Reserve Bank of Dallas, said, “We are seeing a skills mismatch around the country.” He indicated that American education and current immigration programs “are not meeting our needs.”

Today, 9.3 million US workers remain unemployed. Others are underemployed-working part-time jobs while seeking full-time employment (7.5 million). Still others (2.2 million) are categorized by the US Bureau of Labor Statistics as “marginally attached to the labor force,” meaning they had sought employment in the past year but had not looked for work in the prior month. They all add up to 19.5 million or 12.5% of the US workforce.

Part-time employment is a significant factor in the US labor force. In the first 3 months of 2014, the number of part-time jobs increased by 10%. In March, 28,500 new part-time jobs represented 15% of all the jobs added in the previous month.

Additionally, by 2014, over 92.6 million Americans have dropped out of the labor force. That is an increase from 80 million people in 2007, and this decline is spread across all age groups: younger, age group 15-24: -6.5%; prime, age group 25-55: -4.6%; and older, age group 55-64: -4.6%. Yet, our latest estimate is that 7.3 million jobs are vacant. As Yellen said, this labor market is “perplexing”. Too many people are without jobs and too many jobs are without people. This is not your grandfather’s or father’s unemployment situation. Clearly a broader explanation is needed.

2014 JOBS: A SOCIO-ECONOMIC ISSUE

Sydney Harris was a well-known US syndicated columnist. Once while addressing a group of professors at the University of Chicago, he was asked, “What single invention was the most important knowledge breakthrough in the history of the world?”

He could have said the book, the printing press, the computer, the internet, etc., But instead, he replied, “the hyphen!” A few people broke out laughing.

Harris explained how the little hyphen, originally used to separate syllables in words or split a word at the end of a line, has soared in importance as it now is employed to blend together previously separate ideas, academic disciplines, or professional silos.

We need to address the current job situation using a blended socio-economic perspective. Economics alone cannot explain the present condition of the US labor market. It is only one component in the much larger

interdisciplinary mix of systemic and structural factors affecting it. Fisher at the Dallas Fed agrees “we at the central bank cannot affect structural unemployment.”

A NEW LABOR MARKET ERA

In the 20th century, the United States had an abundance of low-skill, relatively good-paying jobs that allowed people with a high school education – or even less – to achieve a middle-class income. But during the past 20 years, digital technology has revolutionized almost every workplace and, consequently, many low- and medium-skilled jobs have vanished.

The magnitude of the resulting socio-economic imbalance is rapidly increasing. On one side, due to advancing technology, good-paying jobs now require quality general liberal arts education plus specialized post-secondary career preparation. On the other side, the antiquated US education-to-employment system is not changing fast enough to provide people with the education and skills required for this new jobs era. A substantial segment of American society is woefully uninformed about the wide range of in-demand careers in modern workplaces and their educational and skill requirements.

An increasing proportion of mid-level jobs will require some type of post-secondary education. This includes 2- or 4-year degrees, certificates, or apprenticeships. Today’s employers across all business sectors increasingly expect applicants to have specialized career training plus good math, reading, and communication skills. They are seeking employees who have advanced thinking skills that enable them to employ technology to develop and deliver innovative products and services.

Many people who are seeking jobs or who have dropped out of the labor market lack these qualifications. The result is a growing pool of low- and middle-skill workers pursuing a decreasing number of low-skill, low-paying jobs.

Also, a major demographic shift is under way. Every day 10,000 baby boomers are retiring; 70 million will retire between 2010 and 2020. Employers are struggling to find workers with the level of job ready skills equivalent to those of the retiring boomers, as too many members of the millennial generation are more “button savvy” than tech savvy.

The United States and the world are locked into a structural labor market race between advanced technology on one side and demographics and education on the other. Today, too few Americans are prepared to run in this race of job-transforming technical change.

In healthcare technology, advances may help expand healthcare access, improve patient outcomes, and reduce costs. The jury is still out on whether new technology

will translate into any reduction in the workload of physicians. However, as the demand for improved access to healthcare expands worldwide, significant growth in a wide variety of healthcare occupations seems highly likely.

In the United States, both the large number of baby boomers swelling the population over 65 and the Affordable Care Act are increasing the demand for medical care. This is leading the Association of American Medical Colleges to project that there will be a shortfall of 62,900 physicians in 2015 which will rise to 130,600 by 2025. Registered nurses and licensed practical and vocational nurses are prominent among the occupations that the US Bureau of Labor Statistics projects will have the most job growth between 2012 and 2022. Also, physician assistants, instructors in nursing and other health specialties, medical sonographers, physical therapists, and medical secretaries are among the occupations that are projected to have the highest percent change in employment during the same time period. The World Health Organization estimates that there is currently a worldwide shortage of 7 million healthcare workers and projects that this figure will rise to 13 million by 2035.

We have now reached an employment tipping point. The broad deterioration of the US job market can no longer be explained as part of the business cycle or shored up by maintaining the current failing education-to-employment system. The talent shambles is set to worsen.

Many still fail to grasp that technology has outpaced our society’s capability to provide a suitably educated workforce. These talent problems are structural. They are also systemic. We are in a new labor market that requires broad social and cultural adjustments.

Society has been in denial. Instead of the needed systemic overhaul, many leaders in business, government, healthcare, and education still think they can make the old system well again. As Matt Ridley, author of *The Rational Optimist* (2011) says, “We all think that we know certain things to be true beyond doubt, but these things often then turn out to be false, and until we unlearn them, they get in the way of new understanding.”

SEEKING BROADER SOLUTIONS – RETAINS

With these factors in mind, it seems incredible that controversy still rages over the reality of a growing skills–jobs mismatch. However, as Martin Wolf, a Financial Times columnist has stated, “Technology itself does not dictate outcomes – institutions do. If the ones we have do not give the results we want, we must change them.”

There are signs that the momentum for change is building. Recent Deloitte and CareerBuilder surveys indicate that an increasing percent of businesses plan to

increase investments in their human capital development by ramping up training to fill vacant jobs. Employers are beginning to build up their in-house training and development capabilities. The Center for Regional Economic Competitiveness reported that in 2014, more states intend to increase spending by 14% on worker training and educational programs.

In April, the Federal Reserve reported that businesses in Chicago region are exhibiting increasing willingness to train workers for vacant positions through in-house programs, tuition reimbursement, or forming partnerships with local high school career academies or community/technical colleges.

Beginning in the 1990s, there has been a gradual acceleration of regional cross-sector, public-private, non-profit intermediaries to rebuild the antiquated education-to-employment pipeline. In *Future Jobs: Solving the Employment and Skills Crisis*, I coined the term RETAINs (Regional Talent Innovation Networks) to describe the key elements of these diverse collaborations for talent/workforce development and growth. Over 1000 RETAINs now exist across America.

Our society needs to accept the fact that a new US job era has arrived. The availability of better educated talented people with up-to-date career skills now largely determines where businesses will locate in the United States or anywhere in the world. Those communities that break down the cultural structural barriers between

businesses, education, and community groups, and that collaborate to renew their talent creation and economic systems will attract new businesses and retain current ones. Those that do not will wither and die.

As the number of vacant jobs continues to grow to over 7 million, businesses and local communities are finding that the pain of trying to maintain current labor supply practices is becoming greater than taking steps to rebuild regional education-to-employment systems. The task before the United States and other developed nations is to recognize that a socio-economic revolution has produced this new job era. We need to accelerate the pace of our response by creating more RETAINs. They offer interdisciplinary solutions that rebuild regional service delivery systems that are developing the education and skills of a larger proportion of students and workers. RETAINs will help us meet the new career opportunities of a 21st-century high-tech world economy rather than just continue to debate these issues.

If we wish to solve the shortfall of workers in all areas of healthcare, we will need to create more educated and skilled professionals around the world. This will take more than reform. RETAINs can help communities undertake this revolution.

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